

Legislative Analysis



DISTRIBUTE FOOD ASSISTANCE BENEFITS TO AN INDIVIDUAL TWICE PER MONTH

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4923 (Substitute H-1)

Sponsor: Rep. Andy Meisner

Committee: Families and Children's Services

First Analysis (2-22-08)

BRIEF SUMMARY: The bill would amend the Social Welfare Act to provide that if the Department of Human Services determines an individual is eligible for food assistance benefits of \$150 per month or more, it would issue regular food assistance benefits to that individual two times per month. The department could continue to issue food assistance benefits one time per month to recipients receiving assistance benefits less than \$150 per month. The department could also continue to issue food assistance benefits to the recipient on a staggered basis based on the case ending digit. The bill would not apply to the issuance of initial food benefits, retroactive assistance benefits, or supplemental food assistance benefits

FISCAL IMPACT:

The bill would require the Department of Human Services to issue standard food assistance benefits to eligible recipients two times each month. Under current policy, benefits are distributed once each month with these payments staggered over the first nine days of the month to individual recipients based on the last digit of the client's case number.

The policy change would impose one-time costs on the Department of Human Services related to information technology systems changes needed to implement the change and staff time needed to respond to recipient inquiries that would likely result from the policy change. Information from the Department of Human Services suggests that the information technology systems costs would be around \$900,000 if the system were changed to require distributions twice per month for all clients. The additional increase in staff time and costs would depend upon the number of recipient inquiries that resulted from the policy change and the required follow-up time from DHS staff. For reference, in September 2007, the DHS issued food assistance benefits to 565,588 recipient groups representing 1,217,334 individuals, so a significant workload impact is possible.

Federal funding would be provided to meet 50 percent of any resulting costs. State revenues would be required for the remaining 50 percent.

THE APPARENT PROBLEM:

Food assistance benefits are distributed to eligible recipients once per month by the Department of Human Services. Most distributions are made within the first 10 days of

the month. Many recipients live in low-income residential areas and have limited means of transportation. These two factors often cause them to frequent nearby "Mom and Pop" corner stores where prices are often higher than in larger food chain stores. The combination of convenience, higher prices, and frequent visits tends to deplete the benefit before the month ends. Shopping fewer times each month also results in some recipients purchasing less healthy packaged foods with a long shelf life rather than fresh fruits and vegetables (which cannot sit around for weeks).

Grocers in urban areas report they experience high volumes of business at the beginning of the month contributing to overworked employees and then experience slow sales and a cutback in employee hours at the end of the month. This also affects the delivery of supplies and inventory control, as well as food quality control. They believe spreading sales across the entire month would stabilize transactions at retail stores, make fresh produce more readily available to customers, and encourage customers to make healthy nutritional choices. Legislation has been introduced to address this issue.

THE CONTENT OF THE BILL:

The bill would amend the Social Welfare Act to provide that if the Department of Human Services determines an individual is eligible for food assistance benefits of \$150 per month or more, it would issue regular food assistance benefits to that individual two times per month. The department could continue to issue food assistance benefits one time per month to recipients receiving assistance benefits less than \$150 per month. The department could also continue to issue food assistance benefits to the recipient on a staggered basis based on the case ending digit. The bill would not apply to the issuance of initial food benefits, retroactive assistance benefits or supplemental food assistance benefits.

MCL 400.114J

ARGUMENTS:

For:

Supporters believe retailers, suppliers, and grocers across the state suffer overall financial and employee instability as a result of current once-per-month food stamp distributions. Distributing food assistance funds twice per month would result in a more efficient food stamp program for the state and the retailer, and would make healthier foods more available for the recipient. Twice per month distributions would make it easier for recipients to budget properly and parallels how many people are paid (twice monthly).

Against:

Opponents of the legislation are concerned that about the potential cost to start up and maintain the change in food benefit distributions. The department already has the ability to stagger distributions of benefits to recipients, which should help with staffing problems. Perhaps payments should be staggered over the entire month (which would help retailers). Why should a law be created to accommodate the poor budgeting

practices of some recipients? It would be better if the department and participating retailers educate recipients on program benefits and budgeting skills. Some recipients who prefer to buy in bulk for better purchasing power and have limited transportation available are better off with the once per month food benefit. This issue needs further exploration.

POSITIONS:

Spartan Stores support the bill. (2-20-08)

Michigan Grocers Association supports the bill. (2-20-08)

Associated Food and Petroleum Dealers support the bill. (2-20-08)

The United Food and Commercial Workers submitted testimony in support of the bill. (10-24-07)

Department of Human Services is neutral on the bill. (2-20-08)

Center for Civil Justice is neutral on the bill. (2-20-08)

Food Bank Council of Michigan is neutral on the bill. (2-20-08)

Legislative Analyst: E. Best
Fiscal Analyst: Bob Schneider

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.